

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7053

BILL NUMBER: HB 1240

NOTE PREPARED: Feb 24, 2010

BILL AMENDED: Feb 23, 2010

SUBJECT: Various Insurance Matters and Towing Services.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR: Sen. Paul

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill makes various changes to the law concerning (1) confidentiality and disclosures of insurer information related to examinations; (2) insurance producer licensing; (3) notice of foreclosure to residential property insurers; and (4) passenger coverage under motor vehicle insurance policies.

The bill provides that a towing service that provides professional towing services shall release a passenger motor vehicle to the owner or a representative of the owner upon the receipt of the towing service of certain documentation concerning the charges and the ownership of the vehicle. Upon release of the vehicle, the towing service may no longer claim a statutory or possessory lien on the vehicle, but requires the insurer to pay certain charges for professional services provided by the towing service, including interest on unpaid charges for the professional services, beginning on the thirty-first day after the release of the vehicle.

Independent Adjuster Licensing. The bill provides for independent adjuster licensing.

Effective Date: (Amended) July 1, 2010.

Explanation of State Expenditures: (Revised) *Independent Adjuster Licensing.* The bill provides for the licensing of independent adjusters. Independent adjusters often work in the state after a disaster. For example, after a hail storm damages numerous residences, the demand for adjusters might exceed the supply of in-state adjusters. The DOI Commissioner may adopt rules to implement the procedure for obtaining a license. The Commissioner must establish standards and procedures. Rules adopted by the Commissioner may establish fees. Fees will be designed to cover administrative expenses incurred.

Examinations. An individual who applies for an independent adjuster license must pass a written examination that is developed and conducted according to rules adopted by the Commissioner. The Commissioner may contract with a nongovernmental entity to administer the written examination. An individual must remit with the application to take the written examination, a nonrefundable examination fee in an amount set by the Commissioner or the organization administering the examination. The fee would be designed to cover costs.

Continuing Education. An individual who holds a license must, every two years, satisfactorily complete a minimum number of hours of continuing education courses set by the Commissioner in rules and report the completion of the courses to the Commissioner. The Commissioner may contract with a nongovernmental entity to provide for continuing education credits. These administrative functions would be paid by fees associated with continuing education.

Nonresident Independent Adjuster License. The Commissioner must issue a nonresident independent adjuster license to qualified individuals who remit the nonresident application fee in an amount determined by the Commissioner. The Commissioner may verify an independent adjuster's licensure status in another state or request certification of good standing. Fees would be designed to cover administrative costs.

Hearings. If the Commissioner refuses an application for licensure or for the renewal of an existing license, the Commissioner must notify the applicant or licensee in writing, advising of the reason for the refusal. The applicant or licensee may make written demand upon the Commissioner for a hearing. The Commissioner may suspend, revoke, or refuse a business entity's independent adjuster license or place a business on probation if, after a hearing, the Commissioner makes certain findings. The impact of this provision will depend on the number and nature of hearings required.

Towing Services. The bill requires a towing service to submit charges that the towing service charges for professional services to the nearest State Police post (there are 18). This requirement should not add additional expenditures for the State Police.

Background Information: Each post creates a rotation list, either in zones or counties, of wrecker services that wish to be on the list. To be on the list the wrecker service must fill out a questionnaire; this tells what types of services they have available (i.e., large tractor trailer, air bags, fenced lot, etc.). Once they submit the questionnaire, someone from the post goes to the wrecker service and inspects the company to ensure they have the services they claim. After a successful inspection, the towing service is placed on the rotation list.

Explanation of State Revenues: (Revised) *Independent Adjuster Licensing.* An initial fee of \$40 for in-state adjusters would provide for the two-year license. The license would also be subject to renewal fees or fees for re-issuances of licenses. The specific amount of revenue that the fee will generate is indeterminable.

Nonresident Independent Adjuster License. The initial fee will be \$90. The amount of revenue that would be generated by the fee is indeterminable. Fee revenue would be deposited in the DOI Fund.

Penalties. An independent adjuster is subject to penalties for certain actions. After a hearing, the commissioner may impose a civil penalty of at least \$50 and not more than \$10,000. Other violators of the provisions of the bill may be ordered to cease and desist, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may not be more than \$50,000 for each violation. All civil

penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI; State Police..

Local Agencies Affected:

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